

Message Text

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PAGE 01 PRETOR 05016 01 OF 02 022142Z

73

ACTION AF-06

INFO OCT-01 ISO-00 EB-07 COME-00 USIA-15 TRSE-00 INR-07

/036 W

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R 311300Z DEC 75

FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 3524

UNCLAS SECTION 1 OF 2 PRETORIA 05016

HEREWITH COPY OF JOHANENESBURG 1791 FOR YOUR INFO

QUOTE

R 181240Z DEC 75

FM AMCONSUL JOHANNESBURG

TO RUEHPC/AMEMBASSY PRETORIA 2586

INFO RUEHPCT/AMCONSUL CAPE TOWN 1619

RUEHPCD/AMCONSUL DURBAN 842

UNCLAS SECTION 1 OF 2 JOHANNESBURG 1791

E.O. 11652: N/A

TAGS: BEXP XA SF

SUBJ: PROPOSED BY. 1977 TRADE PROMOTION SCHEDULE:

EASTERN AND SOUTHERN AFRICA

REF: USDOC 18573

1. WE WELCOME PROPOSED BY. 1977 TRADE PROMOTION SCHEDULE AS IT PERTAINS TO SOUTH AFRICA. WE BELIEVE PRODUCT LITERATURE DISPLAYS WELL WITHIN CRAG GUIDELINES AND SHOULD GIVE INTERESTED US EXPORTERS MUCH NEEDED BOOST IN THIS HIGHLY COMPETITIVE MARKET.

2. OUR COMMENTS ON THEMES FOR PRODUCT LITERATURE DISPLAYS AS FOLLOWS:

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PAGE 02 PRETOR 05016 01 OF 02 022142Z

A) METAL WORKING AND FINISHING: SOUTH AFRICAN ENGINEERING

INDUSTRIES, AFTER MINING, EXTRACTING AND BASE METALS, MAY BE CONSIDERED AS ONE OF MOST IMPORTANT INDUSTRIAL SECTORS. HAVE TRADITIONALLY BEEN MOST HEAVILY ORIENTED TOWARD EUROPEAN INDUSTRIES FOR TECHNOLOGY AND EQUIPMENT FOR OBVIOUS HISTORICAL REASONS AND DURING MOST OF POST-WAR PERIOD, BECAUSE OF HIGH COST OF DOLLAR IMPORTS. IN MORE RECENT TIMES, HOWEVER, IMPROVED POSITION OF RAND VIS-A-VIS THE DOLLAR HAS TURNED INCREASING TRADE INTEREST TOWARD U.S. WHERE INDUSTRIES MOST ANXIOUS TO TAKE ADVANTAGE OF ADVANCED TECHNOLOGY. AS DEPARTMENT AWARE, THIS IS EXTREMELY BROAD CATEGORY AND WITHOUT MORE PRECISE INFORMATION ON PRODUCT LITERATURE RANGE WE NOT ABLE TO PIN-POINT SPECIFIC MARKET FACTORS. NEVERTHELESS, SAG IMPORT STATISTICS FOR BROAD RANGE PRODUCTS BRUSSELS TARIFF NOMENCLATURE (BTN) CATEGORY 84.45 REFLECT SUBSTANTIAL MARKET AS FOLLOWS:

BTN84.45: MACHINE TOOLS FOR WORKING METAL OR METALLIC CARBIDES.

	1972	1973	1974
US\$	33,321,573	39,809,865	61,649,516
1975			
	45,847,054 (26,062,605) '		

' VALUE FOR CORRESPONDING PERIOD 1974

B) PRINTING AND GRAPHIC ARETS: SOUTH AFRICA IS A NEWSPAPER AND MAGAZINE READING COUNTRY WITH A WIDE CIRCULATION THROUGHOUT ALL POPULATION GROUPS INCLUDING URBANISED BLACKS. AS IN MANY OTHER BUSINESS SECTORS, THERE IS A GREAT INTEREST IN U.S. DEVELOPMENTS WHICH ARE FOLLOWED CLOSELY PARTICULARLY SINCE GREATEST STRIDES IN AUTOMATION (TO CUT COSTS) AND IN NEW TECHNOLOGY ARE SEEN TO TAKE PLACE IN U.S. THUS, THIS THEME IS TIMELY, AND SHOULD PROVIDE GOOD OPPORTUNITIES FOR U.S. PARTICIPANTS. SAG IMPORT STATISTICS REFLECT FOLLOWING FOR BROAD BTN RANGE OF PRINTING/TYPESETTING AND RELATED EQUIPMENT USED BY THESE INDUSTRIES.

BTN84.34

	1972	1973	1974
US\$	14,330,522	13,744,493	24,753,905
1975 JAN - JUNE			
	12,034,687 ' (11,329,072)		

' VALUE FOR CORRESPONDING PERIOD 1974

UNCLASSIFIED

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PAGE 03 PRETOR 05016 01 OF 02 022142Z

C) AUTOMOTIVE MAINTENANCE AND REPAIR
SA HAS FAIRLY HIGH PERSON/VEHICLE RATIO, PARTICULARLY WHERE WHITES CONCERNED. DUE MAINLY TO HIGH INCOMES (WHITES); EXTREMELY POOR PUBLIC TRANSPORT SYSTEMS AND DISTANCES BETWEEN TOWNS AND CITIES. FAIR NUMBER MOTOR SUPPLIERS MARKETING AND/OR ASSEMBLING LOCALLY E.G. GM, TOYOTA, DATSUN, BRITISH LEYLAND, FORD, CHRYSLER, WITH RESULT THAT EXTENSIVE

REPAIR/MAINTENANCE INDUSTRY WELL ESTABLISHED. NOTWITHSTANDING SAG LOCAL CONTENT REQUIREMENTS (UPWARDS OF 60 PER CENT) THE SAG TRADE STATISTICS FOR IMPORTS OF AUTOMOTIVE VEHICLES PARTS AND MAINTENANCE EQUIPMENT REFLECTED BELOW SHOWS SUBSTANTIAL GROWTH THIS SECTOR WHICH OBVIOUSLY IMPACTS HEAVILY UPON SERVICE SECTOR.

BTN87 VEHICLES (EXCLUDING RAILROAD OR TRAMWAY ROLLINGSTOCK) AND PARTS THEREOF

	1972	1973	1974
US\$	509,888,841	614,820,734	800,184,736
1975 JAN - JUNE			
	529,479,862 ' (365,339,509)		

' VALUES FOR CORRESPONDING PERIOD 1974.

RECENT DEVELOPMENTS: AS RESULT OF STUDY INTO EXCESSIVE COSTS INVOLVED IN SPARES AND REPAIR FOR AUTOMOBILES UNDERTAKEN BY PRICE CONTROLLER, MINISTER FOR ECONOMIC AFFAIRS ANNOUNCED IN PRESS THAT SAG WOULD CONSIDER REGULATIONS LIMITING PROFITS IN THIS FIELD. ALL THIS IN KEEPING WITH ANTI-INFLATIONARY PROGRAM LAUNCHED BY GOVERNMENT, ALTHOUGH RECENT SPECULATION IN PRESS HOLDS THAT PRICES WILL NEVERTHELESS RISE EARLY IN 1976, ALTHOUGH NOT AS SHARPLY AS EXPECTED PRIOR TO REPORT BY PRICE CONTROLLER.

REPAIR SHOPS AND SPARES SUPPLIERS WILL THEREFORE BE ON THE MARKET FOR LESS COSTLY MAINTENANCE EQUIPMENT AND SPARES IN ORDER TO PROVIDE CHEAPER SERVICE TO PUBLIC.

CONSIDERED THEREFORE THAT GOOD POTENTIAL EXISTS FOR BUSINESS RESULTING FROM PRODUCT LITERATURE DISPLAY IN THIS FIELD.

D) SPORTS EQUIPMENT AND TOYS

SA TRADITIONALLY SPORTS CONSCIOUS DUE TO ADVANTAGEOUS CLIMATIC CONDITIONS, AND SAG DEPARTMENT OF SPORT AND TOURISM VIGOROUSLY PROMOTES SPORTING ACTIVITIES THROUGH NATIONAL FITNESS PROGRAMS. HOWEVER, SA ISOLATION IN SPORT DUE TO PRESSURE BY ANTI-APARTHEID UNCLASSIFIED

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PAGE 04 PRETOR 05016 01 OF 02 022142Z

GROUPS OVERSEAS, HAS SEEN A DECREASE IN INTEREST SHOWN TO SPORT DUE TO LACK OF INTERNATIONAL COMPETITION. LATEST EFFORTS BY SAG TO BREAK THIS ISOLATION BY PROMOTING NEW SPORTS POLICY OF ALLOWING BLACKS AND WHITES TO COMPETE IN CERTAIN INSTANCES HAS HOWEVER SEEN NEW EMPHASIS PLACED ON SPORT - AND RECENT EVENTS SUCH AS VISITS BY WIMBLEDON SINGLE CHAMPION, ARTHUR ASHE, HAVE ENGENDERED A CERTAIN AMOUNT OF ENTHUSIASM. (ABOUT FIVE YEARS BACK THE SAG WOULD NOT ADMIT ASHE TO COUNTRY BECAUSE OF CRITICISM OF GOV. POLICY CONCERNING BLACKS).

SA TRADITIONAL GAME (THAT IS MOST EMPHASIS PLACED THEREUPON BY WHITES) IS RUGBY FOOTBALL, NOT TO BE CONFUSED WITH FOOTBALL AS PLAYED IN THE STATES.

GREATEST PARTICIPATION HOWEVER IN SOCCER, ESPECIALLY AMONG BLACKS.

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PAGE 01 PRETOR 05016 02 OF 02 021900Z

44

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UNCLAS SECTION 2 OF 2 PRETORIA 5016

OTHER GAMES WHICH HAVE SUBSTANTIAL SUPPORT ARE:
TENNIS (EXTREMELY POPULAR AMONG WHITES AND BECOMING STEADILY MORE POPULAR AMONG BLACKS DUE TO PROMOTION THROUGH PERSONS LIKE AMERICAN BLACK PLAYER ASHE). GOLF, BOXING AND GENERAL ATHLETIC (TRACK) EVENTS; CYCLING; FISHING; SQUASH; ICESKATING (A NUMBER OF NEW RINKS HAVE BEEN ESTABLISHED AND IN RECENT MONTHS CONGEN HAS HAD A SPATE OF INQUIRIES CONCERNING ICE SKATES); WATERSKIING, MOTORBOATING, YACHTING (SAHAS NUMBER OF INLAND LAKES AND DAMS AND THESE SPORTS HAVE TREMENDOUS FOLLOWING, ALTHOUGH FUEL PRICE HIKES HAVE SEEN A DECREASE IN THE POPULARITY OF MOTOR BOATS AND SKIING. FUEL RESTRICTIONS WHICH WERE ONLY RECENTLY LIFTED SAW AN ALMOST COMPLETE STOP TO THESE ACTIVITIES, AND IT IS CONSIDERED THAT LOCAL ENTHUSIASTS/ SUPPLIERS WILL STILL BE WARY OF MAKING ANY INVESTMENT IN THIS DIRECTION FOR SOME TIME, AS IT IS DOUBTED WHETHER THERE WILL BE ANY REAL CONFIDENCE IN THE OIL SUPPLY SITUATION FOR SOME TIME TO COME. YACHTING HAS THEREFORE TAKEN OVER TO SOME EXTENT AND IS PROVING TO BE ONE OF THE MOST POPULAR WATERSPORTS. EVENTS LIKE THE CAPE TO RIO YACHT RACE (BILLED FOR JAN. 1976) ALSO PROMOTE INTEREST IN THE SPORT) HORSERACING; THIS IS THE BIGGEST MONEY SPINNER IN THE COUNTRY (THE ONLY LEGITIMISED FORM OF GAMBLING) AND EXTREMELY SOPHISTICATED IN TERMS OF EQUIPMENT USED ON RACE COURSES. BASEBALL; NEVER REALLY ENJOYED SUBSTANTIAL FOLLOWING IN THE PAST AND NO MAJOR LEAGUES OPERATIVE YET, ALTHOUGH THERE HAVE BEEN INDICATIONS THAT THE GAME IS GAINING IN POPULARITY. PERHAPS AN AREA THAT COULD DO WITH VIGOROUS PROMOTION. MOST OTHER SPORTS ENJOY A CERTAIN AMOUNT OF SUPPORT.
THERE IS A CERTAIN AMOUNT OF LOCAL PRODUCTION (DUNLOP AND SLAZENGER) ALTHOUGH MOST EQUIPMENT IS IMPORTED AND SUPPLIERS

UNCLASSIFIED

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PAGE 02 PRETOR 05016 02 OF 02 021900Z

WOULD APPEAR TO HAVE LONG-ESTABLISHED OVERSEAS MANUFACTURERS ON THEIR BOOKS. POTENTIAL FOR GOOD FUTURE BUSINESS EXISTS HOWEVER AS US SUPPLIERS RANK HIGH LOCALLY, AND PROVIDED SUITABLE EQUIPMENT CAN BE SUPPLIED AT COMPETITIVE PRICES, US MANUFACTURERS WOULD DO WELL TO MAKE THEIR PRODUCTS KNOWN LOCALLY. SAG IMPORT STATISTICS REFLECT SUBSTANTIAL GROWTH OVER PAST FOUR YEARS OF IMPORTS ALTHOUGH MOST RECENT DATA REFLECT A SLIGHT DOWNTURN; THIS MAY IN PART BE EXPLAINED TO SAG INFLATION CONTROL AND NOMINAL IMPORT RESTRICTIONS ON LUXURY ITEMS.

BTN 97 - TOYS, GAMES AND SPORTS REQUISITES AND PARTS THEREOF

	1972	1973	1974
US\$	9,906,873	15,778,138	20,435,511
	1975		
	8,217,116	' (9,147,608)	

' VALUES FOR CORRESPONDING PERIOD 1974.

4. OUR SOUNDINGS WITH TRADE AND INDUSTRY SOURCES HAVE ELICITED SUBSTANTIAL INTEREST AND ENTHUSIASM FOR THESE EVENTS. WE NOTE ALSO INTEREST IN PRESENCE OF U.S. INDUSTRY EXPERT WHO WOULD NORMALLY PARTICIPATE IN CATALOG EXHIBITIONS AND WOULD APPRECIATE DEPARTMENT'S COMMENTS ON POSSIBILITY OF ATTENDANCE INDUSTRY EXPERTS THESE EVENTS EVEN THOUGH THEY ARE TARGETED AS LITERATURE DISPLAYS; WHAT IMPACT WOULD THIS HAVE ON FUNDING?

5. EACH OF THESE SECTORS IS SERVICED BY A LARGE NATIONWIDE AGENT/DISTRIBUTION NETWORK ON WHOM OUR MARKET DEVELOPMENT CAMPAIGN CAN BE TARGETED. IN ADDITION EACH SECTOR IS SERVED BY A WELL-ARTICULATED TRADE AND INDUSTRY PRESS ENJOYING WIDE CIRCULATION. WE, OF COURSE, WOULD USE OUR COMMERCIAL NEWSLETTER (CIRCULATION 1850); HOWEVER, WOULD APPRECIATE DEPARTMENT'S COMMENTS ON AVAILABILITY OF FUNDS FOR ADVERTISING EVENTS IN TRADE/INDUSTRY JOURNALS. WE WILL SUPPLY FURTHER DATA ON JOURNALS AND COSTS BY SEPARATE MESSAGE.

6. WE BELIEVE IT USEFUL TO CONSIDER HAVING INDUSTRY MEMBERS FROM FOLLOWING TRADE MISSION OR SALES SEMINARS CONSIDER STOP-OVERS IN SOUTH AFRICA AND BLS COUNTRIES.

- A) AGRIBUSINESS
- B) HEALTH CARE INDUSTRIES
- C) ENERGY SYSTEMS

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PAGE 03 PRETOR 05016 02 OF 02 021900Z

- D) COMMERCIAL FISHING
- E) CONSTRUCTION AND BUILDING

F) MATERIALS HANDLING.

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